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SUBJECT: WILSON CENTER DELEGATION VISITS EL SALVADOR

Classified By: Charge d'Affaires, for reasons 1.4 (b) and (d)

¶1. (C) Summary: The Woodrow Wilson Center's Wilson Center on the Hill program sponsored a non-official Congressional delegation to El Salvador, April 13-15, to explore security and trade in Central America. During their visit, Congressmen Sensenbrenner, Roskam, and Nunes met with President-elect Mauricio Funes, who gave them an idea of the priorities of his incoming administration. Funes told them that the economy was his top priority. He claimed he would be a moderate leader, and hoped to work constructively with the United States and with the opposition party (center-right ARENA) for the good of the country. He also said he had no plans to undo dollarization, that El Salvador needed to work toward further economic independence, and that the GOES must address domestic socio-economic problems in order to slow migration to the U.S. End Summary.

¶2. (C) Congressmen James Sensenbrenner (R-WI), Peter Roskam (R-IL), and Devin Nunes (R-CA), visited El Salvador April 13-15, as part of a non-official trip to Central America sponsored by the Wilson Center on the Hill. To get a complete overview of security and economic matters in El Salvador, the delegation met with President-elect Mauricio Funes, Carlos Dada and Jorge Siman of (internet news daily) El Faro, Legislative Assemblyman Hector Dada, National Public Security Council President Oscar Bonilla, Luis Romero, Director of Homies Unidos El Salvador, and Ricardo Cordova, of the Dr. Guillermo Manuel Ungo Foundation.

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FUNES OUTLINES PRIORITIES OF THE NEW ADMINISTRATION  
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¶3. (C) President-elect Mauricio Funes met with the NODEL April 15 to brief the group on the transition to power and the future of his administration after he takes office June ¶1. Funes said his priorities were: the economic crisis, social issues, public security, modernization of the state, and international relations. Funes said the (left-wing) FMLN was not looking for an adversarial relationship with ARENA during his presidency. He said he realizes that ARENA's agreement will be required to push new legislation through the Legislative Assembly, and hopes to be able negotiate constructively in order to meet in the middle on important issues.

¶4. (C) Funes also addressed the issue of Salvadoran migration to the U.S., saying it is not a problem that can be solved through political means. He stressed that no legislation or measure will deter people from going to the U.S. illegally. To solve the problem, he said, his administration must examine what draws people to the U.S., and address the socio-economic factors domestically in order to slow migration. Funes said he realizes the importance of El Salvador's relationship with the U.S., as there are 2.8 million Salvadorans within U.S. borders. Congressman Sensenbrenner told Funes that the Republican doors would always be open to him. Funes thanked the Congressman, and said it was very important for the GOES to keep an open

dialogue with both parties.

¶5. (C) Unprompted, Funes addressed where he would fall on the spectrum of Latin American leftist leaders. He noted that his first trip after being elected was not to the U.S. or Venezuela, but rather to Brazil. Funes said if a regional model for his administration existed, it was that of Brazil's President Lula. (Note: Funes' wife, Vanda Pignato, is Brazilian, and a close friend of Lula. End Note.) He said his government would maintain an open dialogue with Venezuelan President Chavez, but that El Salvador would not interfere with Venezuelan domestic issues, and expected that Chavez would have the same respect for El Salvador.

¶6. (C) Also without encouragement, Funes said that his administration had no plans to undo dollarization. Without getting into details, he said the costs of de-dollarizing would vastly outweigh the benefits. He also pledged to honor CAFTA.

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ADDRESSING THE ECONOMIC CRISIS  
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¶7. (C) President-elect Funes said that the global economic crisis would be the top priority for his incoming administration. He said that there is hope for the Salvadoran economy. Funes said the vast majority of items that comprise the basic Salvadoran food basket are imported, but that El Salvador has the capacity to grow those items domestically, and that the country could thereby shed some of its dependence on imports. He said the GOES must explore new trade avenues, as El Salvador could not continue to have a remittance-based economy. Funes called the development of the Salvadoran tourism industry essential; however, the country needed to first address its security problems.

¶8. (C) Economist Luis Membreno briefed the delegation on El Salvador's deteriorating economy and government illiquidity. Asked what the USG could do to help El Salvador, Membreno suggested that the USG could support GOES requests for additional multilateral financial institution loans for counter-cyclical social spending programs.

¶9. (C) Legislative Assemblyman Hector Dada, of the (center-left) Democratic Change Party (CD), advised that figures did not fully reflect the effect of the economic downturn on society, and confronting these social problems would be the Funes government's greatest challenge. Dada warned that narco-trafficking was getting worse in El Salvador, though not as bad as in Guatemala or Honduras. The problem was, in Dada's view, made worse by the Merida Initiative, which provides "too little" money to Central America compared to Mexico; combined with Plan Colombia, it has the effect of "squeezing" the cartels into Central America. Dada also discussed how dollarization severely constrained the government's ability to respond to the international crisis.

¶10. (C) Comment: The Wilson Center delegation's meeting with President-elect Funes was constructive, and reinforced Funes' moderate positions, particularly in his relations with the U.S. Funes seemed especially encouraged by a friendly meeting with members of the Republican party. Up to now, his only contacts with the U.S. Congress were with Democrats.  
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